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ABSTRACT

American educational policy is based on three preeminent values: equity, efficiency, and choice. The problem is that these values are often antithetical: an emphasis on one deemphasizes the others. Coming to an acceptable balance among all three values is therefore the essence of public policymaking. Accordingly, this paper takes one of these pairs--efficiency and choice--and discusses how they have been defined, how they act sometimes in harmony and sometimes in opposition, and how the interaction between them can be used to explain instances of policymaking. First, the conventional dictionary definitions of efficiency and choice are reviewed. Second, common uses of the terms are discussed, and changes in meaning over time are reviewed, specifically as these terms are used in an educational context. A discussion ensues of ways of speaking about efficiency and choice in a policymaking context. Finally, the two values are used as explanatory concepts to describe and analyze a specific instance of federal educational policy formation: the adoption and implementation of the Federal Education Block Grant. References are included. (TE)

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Value Polarities and Complementarities in American Education Policy Making: Efficiency and Choice

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Introduction

American education policy making centers around a set of three pre-eminent values that sometimes are complementary, oftentimes are competing, and always are present if not embedded in the deliberations and negotiations that comprise the policy making process. The three values are equity, efficiency, and choice (see, for example, Guthrie, Garms, and Pierce, 1988).

Equity is a value that most American hold in high esteem, particularly when it comes to questions about the amount and quality of schooling that should be provided to the nation's youth. Yet equity, like efficiency and choice--and a good many other concepts that undergird our democratic system of government, is open to a variety of interpretations. The same can be said for efficiency, a second value that Americans hold dear. Efficiency--in any of its several definitions--always has been, is now, and will continue to be of major concern to the American citizen and taxpayer. The third value, choice, most often but not always defined as one form or another of "local control" or "states' rights," also has been of abiding importance to Americans.

The problem is that, more often than not, these values represent three polarities. Local, state, and national decision makers, in attempting to fashion acceptable education policies for the schools of America, must face the fact that these three undergirding values--equity, efficiency, and choice--are often mutually incompatible. They compete with one another. An emphasis on resolving an equity problem often entails a de-emphasis on resolving problems of efficiency and choice. An emphasis on resolving efficiency problems

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often requires a de-emphasis on equity and choice. While all three usually have to be considered in attempting to fashion successful education policies, when taken together they all cannot be optimized. But that is inherent in the nature of the public policy process in our Nation, in our fifty states, and in the multiplicity of our local governmental jurisdictions. Coming to an acceptable balance among all three values is the essence of public policy making.

It is our contention that a thorough understanding of each of these three values--how they are defined, how their meanings have changed over the years, and how these meanings even now don't necessarily "hold still"--is central to an understanding of policy making in American education. We also contend that central to this understanding is a knowledge of how the three values interact with one another--sometimes being in conflict, sometimes acting in harmony, sometimes breaking off into conflicting pairs, sometimes pairing up in opposition to the third.

Our purpose in this particular paper is to take one of these pairs--efficiency and choice--and attempt to provide a better understanding of these two values, of how they are and have been defined, of how they act sometimes in harmony sometimes in opposition, of how they lend themselves to being used to better explain instances of policy making. In two related papers which are being developed, colleagues are dealing with the two other pairings in the triad--equity and efficiency, and choice and equity. Our intention ultimately is to bring all three papers together in an integrated treatment of the full triad which can provide a meaningful and useful frame for exploring and better understanding the education policy making process.

Our procedure is straight-forward. First, we offer a review of conventional "dictionary" definitions of the terms. Second, we describe the synonymic or common uses of the terms and discuss changes over time in their meanings, specifically as used in educational contexts. Third, we discuss ways of speaking about efficiency and choice.

Finally, using the two values as explanatory concepts, we describe and analyze an instance of education policy making.

Efficiency

Dictionary Definitions

ef-fi-ciency. 1.a. The quality or property of being efficient. b. The degree to which this quality is exercised. 2.a. The ratio of the effective or useful output to the total input in any system. b. The ratio of the energy delivered by a machine to the energy supplied for its operation (American Heritage Dictionary, 1985).

ef-fi-cient. 1. Acting directly to produce an effect: *an efficient cause*. 2.a. Acting or producing effectively with a minimum of waste, expense, or unnecessary effort. b. Exhibiting a high ratio of output to input (American Heritage Dictionary, 1985).

efficiency, n. productivity, capability, capableness; see **ability** (Webster's New World Thesaurus, 1974).

efficient, a.1. [Said of persons] competent, businesslike, good at, apt, adequate, fitted, able, capable, qualified, skillful, clever, talented, energetic, skilled, adapted, familiar with, deft, adept, expert, experienced, equal to, practiced, practical, proficient, accomplished, active, productive, dynamic, decisive, tough, shrewd.--Ant. **incompetent**, inefficient, incapable. 2. [said of things] economical, fitting, suitable, suited, effectual, effective, adequate, serviceable, useful, saving, profitable, valuable, expedient, handy, conducive, well-designed, streamlined, good for.--Ant. **inadequate**, unsuitable, ineffectual (Webster's New World Thesaurus, 1974).

efficient, n. effective, effectual, efficacious, operative; skillful, capable, productive, competent; causative. See POWER, SKILL, AGENCY, CAUSE, UTILITY (The New American Roget's College Thesaurus, 1985).

Policy Definitions

"To the economist, as to the engineer, efficiency means getting the most out of a given input . . . This concept of efficiency implies that more is better, insofar as 'more' consists of items that people want to buy." (Okun, 1975)

"Pareto efficiency is defined as improvements in how resources are used to embody knowledge, skills, and values in persons ('production efficiency'), or to provide education in the kinds and amounts that society needs ('exchange efficiency') so that some people are made better off, but no one is made worse off." (McMahon and Geske, 1982)

"Efficiency typically means a potential for increases in the desired outcomes of education without increases in quantities of resources used. Efficiency does not mean simple across-the-board budget reductions, or across-the-board increases in the number of pupils per teacher, for such a "speed up" leaves the pupils (and the teachers) worse off. Efficiency does mean maintaining all outcomes of education while reducing waste or using existing resources more appropriately, perhaps through the application of new knowledge or technology to the learning process. The released resources can be used to make some pupils, teachers, or taxpayers better off, and no one need be worse off." (MacMahon and Geske, 1982)

" . . . the outputs of education in relation to the costs, . . school productivity: the relationship between school resources and student achievement . . . optimum ways to spend resources to enhance student learning . . . the next step for such research will be to obtain student-level

data over time, to relate performance gains to resource allocation, and to draw both effectiveness and efficiency conclusions relating costs (resource allocation) to effects (student performance). . . . increased attention is being given to the inefficiencies inherent in the current set of federal . . . programs, . . . the first is the proliferation and fragmentation of the current set of federal programs which have produced both service overlaps and service gaps at the local district level." (Odden, 1982)

"Social efficiency . . . the potential for increases in schooling outcomes without increases in the physical quantities of resource inputs. . . . This definition . . . [is] limited further . . . by including an additional minimal equity principle involving Pareto efficiency, a concept that rules out situations in which some are made worse off." (Geske, 1982)

"In simple terms, economic efficiency is the striving for added units of output per unit of input. This can occur either by holding output constant and decreasing input, or by deriving greater production from the same level of input (Garms et al., 1988)."

"When a specific desired end is attained we shall say that the action is 'effective.' When the unsought consequences of the action are more important than the attainment of the desired end and are dissatisfactory, effective action, we shall say, is 'inefficient.' When the unsought consequences are unimportant or trivial, the action is 'efficient.'" (Barnard, 1964)

Ways of Speaking About Efficiency

Efficiency in education is one of the enduring watchwords of reformers, be they the advocates of the scientific management movement who invaded education in the early Twentieth Century (Callahan, 1962), the supporters of the accountability movement of the 1970's (Lessinger, 1970), or the proponents of the more recent reform movement of the 1980's. Educational efficiency travels under many guises, sometimes being touted as

educational productivity, sometimes as educational accountability. For some policy makers, it means getting more out of a given resource; for others, it means maintaining the same level of outcomes but being able to reduce the quantities of resources needed; for others, it means increasing outcomes even further through the infusion of additional resources; for still others it includes the notion of Pareto efficiency, improving the use of resources so that some pupils are made better off but none are made worse off; for yet others, it means simply seeing to the proper stewardship of public funds.

States, in their funding arrangements, have employed a variety of approaches to address the efficiency issue. Most have specific accounting and reporting requirements; many employ extensive administrative rules and regulations to govern the expenditure of special or categorical funds established to address the issue of vertical equity; some employ special incentive programs which reward districts that evidence higher productivity. The national government also has evinced an abiding interest in efficiency as evidenced by the strong emphasis on evaluation that marked the programs established in the 1960's and 1970's, and more recently in the Reagan Administration's efforts to reduce inefficiencies through a movement toward the block grant as the funding mechanism of choice (Kearney, 1985).

In any one of its guises, educational efficiency is a value generally held in high esteem by education policymakers and by most Americans. A recent commentary on one of the major education reform reports, that of the Committee on Economic Development (CED), summed up the importance of efficiency--defined as educational productivity--to those being asked to support increased revenues for the schools:

> There is an opportunity today to forge a new quid pro quo between Americans and their public schools. There will be more money for education when there is more education for the money. The business community (at least, as represented by the CED trustees) stands ready to put its shoulder to the wheel to support the public schools-- including substantial increases in funding--when the

> public schools are willing to set and meet the objective of a high-quality education for every citizen. (Doyle and Levine, 1985)

Efficiency also is a value that usually "goes to the mat" with equity as policy makers look to questions of how best and at what levels to fund the public schools of America.

Choice

Dictionary Definitions

choice. 1. The act of choosing; selection; 2. The power, right, or liberty to choose; option; 3. A person or thing that is chosen. 4. A number or variety from which to choose; *a wide choice of styles and colors.* 5. Something that is best or preferable above others; the best part. 6. An alternative.--adj. **choicer, choicest.** 1.a. Of fine quality, select, excellent. b. Appealing to refined taste. 2. Selected with care. 3. Of the U.S. Government grade of meat higher than good and lower than prime. **Synonyms**: *choice, alternative, option, preference, selection, election.* Each of these terms involves the privilege of choosing. *Choice* involves broadly the freedom of choosing from a set of persons or things. *Alternative* emphasizes choice only between two possibilities or courses of action. *Option* stresses the power to choose and is widely used in the sense of granting exclusive rights to make a choice. *Preference* indicates choice based on one's values, bias, or predilections. *Selection* suggests a wide variety of things or persons to choose from. *Election* emphasizes use of judgment and wisdom in making a choice with an important end in view (The American Heritage Dictionary, 1985).

choice, n. selection, preference, alternative, election, substitute, favorite, pick, a good bet or guess; see **judgment** (Webster's New World Thesaurus, 1974).

choice. Nouns--1, choice, option, selection, determination, pick, preference; volition, DESIRE; adoption, JUDGMENT; triage; alternative. See EXCLUSION, FREEDOM. 2, election, poll, ballot,

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vote, straw vote; voice, suffrage; plebiscite, referendum; vox *populi*; electioneering, [split or straight] ticket; franchise., 3, voter, balloteer, elector; suffragist; electorate, constituency. 4, elect, chosen one, pick of the crop, favorite, favorite son; lame duck.

Verbs--1, choose, elect, opt, fix upon; determine, make up one's mind (SEE RESOLUTION); exercise one's option, do as one pleases; adopt, take up, embrace, espouse; take sides. 2, vote, poll, ballot; hold up one's hand; thumbs up or down. 3, select, pick, designate, call, pick and choose, hand-pick; nominate, put up; pick over; pick or single out, cull, glean, winnow,sift; pick up, pitch upon; pick one's way; indulge one's fancy; set apart, mark out for;prefer, have rather, have as lief; DESIRE; take a decisive step, commit oneself to a course, throw one's hat in the ring; stand for; cross the Rubicon; cast in one's lot with (see COOPERATION); take for better or for worse.

Adjectives--optional, elective; discretionary, voluntary, selective, preferential; either; eclectic; chosen; choice (see GOOD); on approval; on the bandwagon; choosy.

Adverbs--optionally, at pleasure, at will, at one's discretion; at the option of; whether or not; if anything; once and for all;for one's money; by choice, by preference; rather, before, sooner. Antonyms, see NECESSITY, REJECTION, WILL (The New American Roget's College Thesaurus, 1985).

Policy Definitions

"For Americans, liberty has meant the freedom to choose, to be able to select from among different courses of action." The authors also include the notions of freedom and responsiveness in their discussion of liberty and choice (Garms et al.,1988).

". . . the practical and theoretical arguments which favor the greatest possible dispersion of authority and resources to the states and localities are both sensible and compelling. . . . selective devolution of spending authority and of the responsibility for program planning and implementation can make American government more responsive and more

responsible to the American people. . . . civic participation reflects a set of beliefs which is fundamental not only to the values of American society but to a western philosophy of politics and personal fulfillment that stretches back at least to Aristotle. Chief among these beliefs is the idea that, insofar as practically possible, each person ought to have the opportunity to control the conditions of his life and, in concert with others, the conditions of community life; . . . By moving authority and resources outward [maximizing choice at state and local levels], we can make more of American government accessible to public scrutiny and to public participation. We can increase the *opportunity* for people to be heard, to exercise their capacities for rational and moral choice, and to exert with others an influence on the decisions which affect them." (Richardson, 1976)

[At this point, we also need a good definition of choice directly applicable to choosing between schooling in the public and private sectors, a definition which covers both the legal freedom to choose (e.g., Pierce v. The Society of Sisters, 1925) and the economic freedom to choose.]

Ways of Speaking About Choice

Choice means the power, right, or liberty to choose from a set of alternatives, to have a voice in the making of public policy decisions. As a parent, as a local citizen, I have a voice in the type, the quantity, and the quality of public schooling that my child or my neighbor's child will have available. I express my voice through the ballot box in voting for or against property taxes to support my local schools, and for or against my neighbors who run for positions on my local school board. I further express my voice, if I choose, by attending local school board meetings; through my presence and my statements, I can make my views heard on matters of finance as well as a myriad of other matters having to do with the quantity and quality of schooling in my local community.

This choice, this local control of educational matters, is another of the values dear to the hearts of American citizens. It is the embodiment of what Richardson (1976) has called ". . . the long-cherished notion that each person, each citizen, ought to have the opportunity to control the conditions of his or her life and, in concert with his or her neighbors, the conditions of life in his or her community." Education finance policies in most states pay heed to this value by requiring the schools to turn to their local voters for approval of property tax millage rates, and then leaving it up to local school authorities, with a minimum of direction from the state, to decide on how best to expend those local revenues--as well as the general revenues contributed by the state.

But choice has another dimension. It involves the choices made by parents and students within the public sector and between the public and private sectors of schooling. In a legal sense, choice along the latter dimension was assured some 60 years ago by the Oregon decision (Pierce v. Society of Sisters, 1925). Private or non-public schools are legitimate and parents can choose to send their children to approved non-public schools in lieu of public schools. In a financial sense, some argue that many parents really are not free to exercise choice because of the economic obstacle that exists, namely, the cost of non-public school tuition. They argue that public schools are "free," non-public schools are not, hence, there is no real choice for many students and their parents.

Parental voice and parental choice--along both of the above dimensions--have become a cause celebre of many of the current national and state-level reform efforts. There seems to be a growing feeling that American society has surrendered too much responsibility for schooling to governmental bureaucracies and professionalized institutions and, thereby, neglected the more human-sized groups, what Berger and Neuhaus (1977) have called the "mediating structures" of society--such as families, communities, voluntary organizations, and religious groups. Thus, we see among education policymakers today increasing attention being paid to the citizens' power, right or liberty to choose the type, quantity, and quality of schooling that will be provided the young.

Efficiency and Choice As Explanatory Concepts

An example of an education policy issue that involves a "natural" pairing of efficiency and choice that comes immediately to mind is the education voucher. It is advocated and defended on the basis of both efficiency and choice (if not also equity). One induces efficiency through competition. Schultz (1982, 48-49) argues:

> It will require competition to compel public elementary and secondary schools to reduce their inefficiency and thereby contribute substantially to equity, which is surely in the public interest. . . . we await a new generation of architects to devise educational policies that will give parents and their children meaningful options in acquiring quality schooling. The economic requirements are, in principle, very simple: competition would bring about greater efficiency; parents and students would demand quality education; and public funds could be allocated to them, leaving them free to choose their schools with no strings attached except that such funds be used for schooling.

A second example of a policy issue involving a pairing of efficiency and choice is the federal education block grant.

Early in the Reagan Administration, the Congress enacted the Education Consolidation and Improvement Act of 1981 (ECIA). Chapter 2 of this Act called for the consolidation of twenty-eight prior categorical programs into a single block grant.

In this action, the national government resolved, at least in part, one of the great federal aid to education debates of the 1970's, namely, how much control should be maintained at the federal level and how much discretion should remain in state an local agencies. The central question in the debate was, "Should there be narrow, carefully regulated categorical grants or broadly defined block grants?" In this instance, the federal government opted for broadly defined block grants. Why? What were the issues involved? What led to the change in policy?

This action by the federal government and the resultant implementation in the several states offer excellent examples of how the use of our analytical framework can lead to a clearer understanding and explanation of an instance of education policy making. For, in the adoption by the Congress of the education block grant, the application of the framework suggests that the values of efficiency and choice clearly won out over the value of equity. Whether this also held true as the several states made the decisions necessary to implement the block grant is less clear; nevertheless, at this level also, applying our framework enables one to gain a fuller understanding of the values that drove state-level decisions.

Even though our major concern in the present instance is the efficiency-choice dyad, we need to look first at equity. It largely was a concern with equity--with vertical equity and equality of opportunity--that lead over the past several years to the increasing involvement of the federal government in public education. In the 1960's and 1970's, beginning with the landmark legislation embodied in the Elementary and Secondary Education Act of 1965 (ESEA), the federal government embarked upon a course of action designed to ensure that states and local school districts paid heed to a wide spectrum of equity concerns ranging from the education of disadvantaged children, to the desegregation of schools, to the education of the handicapped, to the education of children of limited English-speaking ability, to any number of similar considerations. And it largely was a concern with equity that lead the federal government to choose the categorical grant as the primary mechanism for achieving its aims. The categorical grant, through its targeting requirements and detailed regulations, is designed to ensure that states and local school districts do indeed address "vertical equity" and "equality of opportunity" concerns. The distributive principles underlying the education categorical grant are based largely on notions of vertical equity--special educational need--and notions of equality of opportunity.

A classic example of this is seen in the Emergency School Aid Act (ESAA), which was designed to assist local districts undergoing desegregation, and which was one of the

largest of the twenty-eight categorical funding programs consolidated into the new Education Block Grant. ESAA originally was designed to help achieve vertical equity, to provide "unequal treatment of unequals," to channel more objects of interest--revenue per pupil to purchase additional resources needed for desegregation--to districts mounting desegregation efforts. It also was aimed at achieving equality of opportunity by helping to eliminate relatively low levels of available revenue and concomitant resources per pupil usually associated with those same districts.

ESAA, on the other hand, was not particularly concerned with horizontal equity; it was not aimed at achieving a wide distribution of its funds but rather at targeting its funds on a relatively few districts evincing particularly high needs. In short, under ESAA--and under most categoricals--equity was defined in a redistributive rather than a distributive way.

Nor was ESAA's prime concern with efficiency or choice, a fact that made it a ready target for an Administration ostensibly intent on inducing more efficiency and choice into the packaging of federal aid to the schools. The basic arguments mounted by the Administration in support of its move from a system of categoricals to a system of block grants rested on the contention that existing categoricals insufficiently addressed the values of efficiency and choice. The Advisory Commission on Intergovernmental Relations (ACIR), in 1979, foreshadowed these arguments when it suggested that the block grant has considerable appeal to people seeking to restructure, rationalize, and revitalize the federal system. In ACIR's (1979) view, the appeal of the block grant is based on its strong decentralization thrust and its promise of increased economies and efficiencies.

The Administration, advancing a similar line of argument, contended that the block grant would reduce substantially the burden that results from federal intervention and federal regulations, that it would return to the states considerable decision making power and flexibility in programming, and that ultimately it would be a much more effective and efficient way to deliver federal education funds to the states and to local districts. In short,

proponents claimed that the education block grant almost automatically would achieve the objectives of simplification and decentralization, of efficiency and choice. A comment which appeared in the Administration's budget documents supporting the block grant is instructive: "One lesson is clear from the past. The only real losers in converting categorical grants to a block grant are the bureaucratic middlemen--who use up funds for the needy" (Education Times, 1981). The implication, of course, is that by doing away with bureaucratic middlemen--by increasing efficiency and leaving more choice to local districts--there will be more dollars for the needy. This line of reasoning seems to suggest (we think incorrectly) that one can have his cake and eat it too, that one can simultaneously fully achieve the goals of equity, efficiency, and choice.

The Education Block Grant, as we have seen, was intended to achieve greater efficiencies by reducing--at federal, state, and local levels--the administrative and paperwork burden of managing twenty-eight separate programs, and by eliminating regulations requiring extensive monitoring and evaluation. The anticipation of increased efficiencies through reduced administrative costs also provided a rationale for reducing federal expenditures--i.e., one could maintain the same level of outcomes yet reduce the quantities of resources needed.

The Block Grant also promised increased choice, increased local control, and increased flexibility to address local priorities rather than having those priorities dictated by the funding agency. Coupling the argument for increased efficiency with the equally alluring argument of increased choice at the local level made the Education Block Grant an attractive alternative to the existing system of categorical grants with their narrow focus and detailed administrative requirements.

While equity--particularly the dimensions of vertical equity and equality of opportunity--was largely shoved off center stage to be replaced by efficiency and choice, the proponents of the Block Grant still paid heed, on a much reduced scale, to equity concerns in at least two ways. The first was to argue not against equity, but rather in favor of

increased horizontal equity through a wider distribution of the funds. Rather than targeting the federal dollars on a few districts to meet vertical equity and equality of opportunity goals, the legislation required that the federal funds be distributed broadly to all districts in a given state--so that there would be little or no variation among districts in the federal dollars per pupil made available under the terms of the Block Grant.

The second was to include a provision that each of the states, in developing its block grant distribution formula, pay some attention to special needs, to vertical equity. In addition to including in its formula a straight enrollment factor to ensure horizontal equity, a state also was required to include a special needs or high cost factor. However, there was no requirement that a fixed percentage of the funds be distributed on the basis of the special needs factor; a state had only to include the factor, or factors, in its distribution formula. Furthermore, the U.S. Department of Education refused to provide specific regulations on the special needs factor, or on any other factors, because of a conscious commitment to one of the central goals of the new policy, namely, ensuring increased local choice. Consequently, the extent to which vertical equity is emphasized in the formulas varies considerably from state to state. Moreover, there is no requirement that money generated by the presence of special needs students in the district be expended on those students. Thus, while some attention was given to vertical equity by the framers of the legislation, it was left largely to the implementers--the states and the local districts--to decide what emphasis would be placed on this dimension of equity.

A look at findings from an eight-state study of the Education Block Grant commissioned by the U.S. Department of Education provides a partial answer to the question of how the states responded to the vertical equity requirement (Kyle, 1983). The study results provide ample evidence to demonstrate that the Block Grant had the main effect of reallocating federal dollars along distributive lines; the Block Grant formulas fashioned in each of the eight states were based more on horizontal equity concerns than on vertical equity concerns. The formulas developed resulted in moving formerly targeted

federal dollars away from minority jurisdictions--away from former ESAA districts--and spreading them out across all districts.

Yet, in one or two of the eight states there were apparent attempts made to mitigate this shift and soften the impact of the dollar loss on former ESAA districts. In Table 1 are displayed the factors that made up each of the state formulas and percent of funds allocated to each factor. On the face of it, only Michigan and

TABLE 1

State Chapter 2 Formulas
Percent of Total Allocated Under Funding Factors

State	Enroll-ment	Low Income	Spar-sity	Low Achvmnt	Deseg	Racial Isol	Min-rty	LEP
South Carolina	70.0	30.0						
Nebraska*	75.0	20.0						
Texas**	72.5	14.25						5.0
Pennsylvania	60.0	35.0	5.0					
Tennessee	66.0	34.0						
Michigan	58.0		6.0	18.0	18.0			
Colorado	83.0	16.0	1.0					
Washington***	50.0	15.0				10.0	10.0	5.0

* 5% on handicapped
** 7.8% on special education; 2% to state institutions
*** 10% on gifted

Washington actually included special needs factors directly related to desegregation and, thereby, addressed specifically the end toward which the former ESAA categorical was aimed. In Michigan's case, the special needs factor was straightaway labeled "desegregation" and accounted for 18 percent of the total Block Grant distribution to local

districts. And the funds were sharply targeted; under this factor, eligible districts were limited to the 12 Michigan districts, out of a total of 530 K-12 districts, that had received ESAA funds in the prior year. In the State of Washington, the factor was called "racial isolation" and accounted for 10 percent of the total distribution to local districts; however, in addition to Seattle, which was the only ESAA district in the State, twenty-two other local districts became eligible under this factor in the first year of the Block Grant. In the second year, 1982-83, the criteria were made more stringent and only seven districts other than Seattle qualified under the "racial isolation" factor.

In the instances of both States, other special needs factors also were included in the formulas--"low achievement" and "sparsity" in Michigan, at 18 and 6 percent for a total of 22 percent; and "low income" and "minority" in Washington, at 15 and 10 percent for a total of 25 percent. Thus, acknowledging that there was considerable spill-over to non-ESAA districts, one could argue that 36 percent of the total allocation in Michigan was targeted under its Block Grant formula for special needs populations akin to the special needs populations previously served by ESAA--in short, 36 percent of the funds were directed toward vertical equity concerns. In Washington, one could argue, but less convincingly because the "low income" factor tended to be widely distributed across the state, that 35 percent of the Block Grant distribution was earmarked in the same way. The argument is strengthened by the fact that both states had smaller percentages distributed on the basis of the enrollment factor--or on horizontal equity grounds--than any of the other six states in the study. Washington distributed only 50 percent of its Block Grant funds under the enrollment factor; Michigan distributed 58 percent of its funds under this factor. Only Pennsylvania, at 60 percent, comes close to this percentage. Even then, this attention to vertical equity concerns in the formulas of both states did not restore all the funds lost to the large urban districts as a result of the demise of ESAA; however, this attention did much to allay what would have been--and could have been--much larger fund shifts. A superintendent of one of the twelve Michigan ESAA districts, who also served as a member

of the State Advisory Council charged with developing the formula, stated that the formula represented: "... the best we could devise under the circumstances ... that would deal somewhat equitably with the former recipients of federal aid, particularly recipients of ESAA grants" (Kearney, 1983).

Thus, we have seen in the case of the adoption and implementation of the Federal Education Block Grant a first example of the utility of the framework in gaining a clearer picture of one example of public policy making in the education finance arena. Employing the concepts of efficiency and choice--as well as equity--and observing their interplay has helped us identify and more clearly define the issues around which this instance of public policymaking centered.

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